

# Paul Robertson

State Representative • District 70



The State Tax Court recently issued a ruling that orders deadlines on when the next property tax reassessment must be accomplished.

In December of 1998 the State Supreme Court ruled that the property assessment guidelines used in the collection of property taxes were unconstitutional because different types of property were not treated equitably. The Court mandated the State Tax Board to develop new guidelines based on "objectively verifiable data".

After the Court's ruling, I supported legislation in the 1999 session to postpone the reassessment. This postponement would have allowed the state tax board time to work out the best reassessment system for Indiana. This also would have given the legislature time to review the guidelines and ease the tax shift due to reassessment. Unfortunately, the bill did not pass out of conference committee.

During this past session, we addressed the issue in House Bill 1005, which would have required the new reassessment rules to be completed by July 1, 2001. The court ruled that the rules must be adopted by June 1, 2001 and the reassessment completed by March, 2002. The court recognized that it will take time to adopt a new tax manual.

Unfortunately, this will give the State Tax Board and local assessors only nine months to complete the reassessment, as opposed to the year and eight months provided under current law.

The ruling does not require the State Board of Tax Commissioners to base the new assessment system solely upon strict fair market value.

I have supported efforts in the House to delay the implementation of the reassessment in order to protect homeowners. All factors seem to point to a dramatic shift in the tax burden from businesses and utilities to homeowners and farmers. People who own older homes may be more at risk for dramatic increases in their property taxes once the reassessment is completed.

I have supported a delay in the implementation of the reassessment to give the legislature time to assess the changes brought on by the reassessment and ease the financial burden of the reassessment. I am working to provide a fair reassessment and a manageable shift in the property tax burden.

Please contact my office with any concerns you may have regarding this issue, or any other matter in state government.

## Brief History of the Property Tax Reassessment Case

- A group of homeowners, 3 in Marion County and a class of 57 in Lake County, filed a lawsuit in the Indiana Tax Court challenging the constitutionality of the property tax system in Indiana. A trial was held in the summer of 1995. It was determined that the current property tax system was unconstitutional.

- In late 1998, the State Supreme Court mandated the State Tax Board to develop new guidelines based on "objectively verifiable data".

- House Democrats brought legislation in the 1999 session to delay the reassessment. Early predictions showed a dramatic increase in homeowner's property taxes. The legislation did not pass.

- Legislation was brought during the 2000 session to delay the reassessment.

- The Indiana Tax Court ruled in the Summer of 2000 that rules for reassessment must be adopted by June, 2001 and the reassessment completed by March, 2002.

# \$1.5 billion in tax cuts

As a member of the Indiana General Assembly, I voted for the biennial state budget bill in both 1997 and 1999. I have also voted for bills that offer additional tax relief for employers. I have detailed some of the tax cuts below.

- **Homeowners:** Property taxes on a taxpayer's principal place of residence can be deducted up to \$2,500.

- **Senior citizens:** The income tax deduction for most seniors was increased from \$1,000 to \$1,500. Each qualified taxpayer (those with income less than \$40,000, single or joint filers) may take this deduction — meaning married couples may now deduct \$3,000 from their adjusted gross income. Many seniors also received an increase in the property tax deduction from \$1,000 to \$2,000.

- **Dependent children:** The income tax deduction was increased from \$1,000 to \$2,500 for dependent children under age 19 and full-time students under age 24. You may reduce your Indiana adjusted gross income for each qualifying dependent.

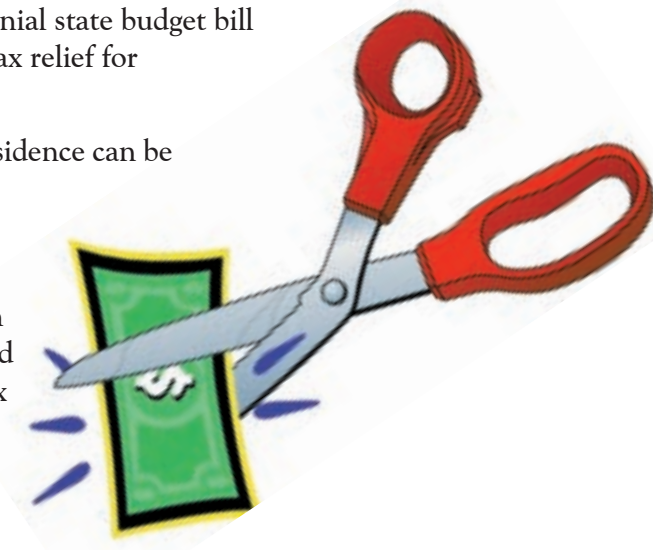
- **Inheritance tax:** Provides a \$100,000 deduction for each "Class A" beneficiary, which includes a child, parent, grandchild or grandparent.

- **Renters:** The renters' income tax deduction was increased from \$1,500 to \$2,000.

- **Small businesses:** Businesses will no longer have to "add-back" property taxes deducted on their federal returns.

- **Inventory tax cuts:** The inventory tax was eliminated for 87 percent of Indiana farms and businesses.

- **Property tax cuts:** The county welfare funds and the county welfare administration funds were eliminated from local property taxes.



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